

may be used only to support the depositor's operations outside the United States as specified in § 204.8(a)(2)(ii)(B) and that extensions of credit by IBFs may be used only to finance operations outside of the United States as specified in § 204.8(a)(3)(vi). In the case of loans to or deposits from foreign affiliates of U.S. residents, receipt of such notice must be acknowledged in writing whenever a deposit or credit relationship is first established with the IBF.

(c) *Exemption from reserve requirements.* An institution that is subject to the reserve requirements of this part is not required to maintain reserves against its IBF time deposits or IBF loans. Deposit-taking activities of IBFs are limited to accepting only IBF time deposits and lending activities of IBFs are restricted to making only IBF loans.

(d) *Establishment of an international banking facility.* A depository institution, an Edge or Agreement Corporation or a United States branch or agency of a foreign bank may establish an IBF in any location where it is legally authorized to engage in IBF business. However, only one IBF may be established for each reporting entity that is required to submit a Report of Transaction Accounts, Other Deposits and Vault Cash (Form FR 2900).

(e) *Notification to Federal Reserve.* At least fourteen days prior to the first reserve computation period that an institution intends to establish an IBF it shall notify the Federal Reserve Bank of the district in which it is located of its intent. Such notification shall include a statement of intention by the institution that it will comply with the rules of this part concerning IBFs, including restrictions on sources and uses of funds, and recordkeeping and accounting requirements. Failure to comply with the requirements of this part shall subject the institution to reserve requirements under this part or result in the revocation of the institution's ability to operate an IBF.

(f) *Recordkeeping requirements.* A depository institution shall segregate on its books and records the asset and liability accounts of its IBF and submit

reports concerning the operations of its IBF as required by the Board.

[46 FR 32429, June 23, 1981, as amended at 51 FR 9636, Mar. 20, 1986; 56 FR 15495, Apr. 17, 1991; 61 FR 69025, Dec. 31, 1996]

EFFECTIVE DATE NOTE: At 61 FR 69025, Dec. 31, 1996, § 204.8 was amended by redesignating footnotes 13 and 14 as footnotes 10 and 11 and by redesignating footnotes 15 and 16 as footnotes 12 and 13 and revising them, effective Apr. 1, 1997. For the convenience of the user, the superseded text is set forth as follows:

§ 204.8 International banking facilities.

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¹⁵ See Footnote 13.

¹⁶ See Footnote 14.

§ 204.9 Reserve requirement ratios.

(a) *Reserve percentages.* The following reserve ratios are prescribed for all depository institutions, Edge and Agreement corporations, and United States branches and agencies of foreign banks:

Category	Reserve requirement ¹
Net transaction accounts:	
\$0 to \$49.3 million	3 percent of amount.
Over \$49.3 million	\$1,479,000 plus 10 percent of amount over \$49.3 million.
Nonpersonal time deposits	0 percent.
Eurocurrency liabilities	0 percent.

¹ Before deducting the adjustment to be made by the paragraph (a)(2) of this section.

(b) *Exemption from reserve requirements.* Each depository institution, Edge or agreement corporation, and U.S. branch or agency of a foreign bank is subject to a zero percent reserve requirement on an amount of its transaction accounts subject to the low reserve tranche in paragraph (a)(1) of this section not in excess of \$4.4 million determined in accordance with § 204.3(a)(3).

[45 FR 56018, Aug. 22, 1980. Redesignated at 46 FR 32429, June 23, 1981 and amended at 55 FR 50541, Dec. 7, 1990; 56 FR 60055, Nov. 27, 1991; 57 FR 56443, Nov. 30, 1992; 58 FR 61802, Nov. 23, 1993; 58 FR 64112, Dec. 6, 1993; Reg. D, 59 FR 60703, Nov. 28, 1994; 60 FR 57913, Nov. 24, 1995; 61 FR 60173, Nov. 27, 1996; 61 FR 69025, Dec. 31, 1996]

EFFECTIVE DATE NOTE: At 61 FR 69025, § 204.9 was amended by removing paragraph

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(b) and redesignating paragraphs (a)(1) and (2) as (a) and (b), respectively, effective Apr. 1, 1997. For the convenience of the user, the superseded text is set forth as follows:

§ 204.9 Reserve requirement ratios.

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(b) *Reserve ratios in effect during last computation period prior to September 1, 1980.*

Category	Reserve requirement
Net Demand Deposits:	
Deposit Tranche:	
\$0 to \$2 million	7 percent.
Over \$2 million to \$10 million.	\$140,000+9½ percent of amount over \$2 million.
Over \$10 million to \$100 million.	\$900,000+11¾ percent of amount over \$10 million.
Over \$100 million to \$400 million.	\$11,475,000+12¾ percent of amount over \$100 million.
Over \$400 million	\$49,725,000+16¼ percent of amount over \$400 million.
Savings deposits	3 percent.
Time deposits (subject to 3 percent minimum specified by law):	
By initial maturity:	
Less than 180 days:	
\$0 to \$5 million	3 percent.
Over \$5 million	6 percent.
180 days to 4 years	2½ percent.
4 years or more	1 percent.
Accounts authorized pursuant to section 303 of Pub. L. 96-221 offered by member banks located in States outside Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont.	12 percent.
Club accounts	3 percent.

For purposes of computing the reserves under this part, that would have been required using the reserve ratios that were in effect on August 31, 1980, the reserve ratio on time deposits of a member bank shall be the average time deposit ratio of the member bank during the 14-day period ending August 6, 1980, except that the reserve ratio on time deposits of a nonmember bank that was a member bank on or after July 1, 1979, but which became a nonmember bank before March 31, 1980, may be the average time deposit ratio of the nonmember during the 14-day period ending August 27, 1980.

INTERPRETATIONS

§ 204.121 Bankers' banks.

(a) (1) The Federal Reserve Act, as amended by the Monetary Control Act of 1980 (title I of Pub. L. 96-221), imposes Federal reserve requirements on depository institutions that maintain transaction accounts or nonpersonal

time deposits. Under section 19(b)(9), however, a depository institution is not required to maintain reserves if it:

(i) Is organized solely to do business with other financial institutions;

(ii) Is owned primarily by the financial institutions with which it does business; and

(iii) Does not do business with the general public.

Depository institutions that satisfy all of these requirements are regarded as *bankers' banks*.

(2) In its application of these requirements to specific institutions, the Board will use the following standards:

(i) A depository institution may be regarded as organized solely to do business with other depository institutions even if, as an incidental part to its activities, it does business to a limited extent with entities other than depository institutions. The extent to which the institution may do business with other entities and continue to be regarded as a bankers' bank is specified in paragraph (a)(2)(iii) of this section.

(ii) A depository institution will be regarded as being owned primarily by the institutions with which it does business if 75 per cent or more of its capital is owned by other depository institutions. The 75 per cent or more ownership rule applies regardless of the type of depository institution.

(iii) A depository institution will not be regarded as doing business with the general public if it meets two conditions. First, the range of customers with which the institution does business must be limited to depository institutions, including subsidiaries or organizations owned by depository institutions; directors, officers or employees of the same or other depository institutions; individuals whose accounts are acquired at the request of the institution's supervisory authority due to the actual or impending failure of another depository institution; share insurance funds; and depository institution trade associations. Second, the extent to which the depository institution makes loans to, or investments in, the above entities (other than depository institutions) cannot exceed 10 per cent of total assets, and the extent to which it receives deposits (or shares if